

VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM

Meeting of the Board of Trustees

May 9, 2013

VSEERS Members present:

Kevin Gaffney, Chairperson, VSEA Representative (term expiring September 1, 2013)
Roger Dumas, Vice-Chairperson, VRSEA Representative (term expiring September 1, 2014)
Jeff Briggs, VSEA Representative (term expiring September 1, 2014)
Paul White, Jr., VSEA Representative (term expiring September 1, 2014)
Thomas Hango, VSEA Alternate (term expiring September 1, 2013)
Richard Johannesen, Governor's Delegate (ex-officio)
Elizabeth Pearce, VT State Treasurer

Members absent:

James Reardon, Commissioner of Finance & Management (ex-officio)
Kate Duffy, Commissioner of Human Resources (ex-officio)
Allen Blake, VRSEA Alternate Representative (term expiring September 1, 2014)

Also attending:

Stephen Wisloski, Deputy VT State Treasurer
Matthew Considine, Director of Investments
Katie Green, Investments Manager
Karl Kroner and Chip Sanville, Great West Retirement Services
Mark DiStefano, Attorney General's Office
Eunice Froeliger
Laurie Lanphear, Director of Retirement Operations
Nancy Dimick, Secretary to the Board
Monica Chiren, Assistant to Nancy Dimick

The Chairperson, Kevin Gaffney, called the Thursday, May 9, 2013, meeting to order at 9:07 a.m., which was held in the Governor's Conference Room, Fourth Floor, 109 State Street, Montpelier, VT.

ITEM 1: Approve the Minutes of:

- **April 11, 2013 – regular meeting**

On motion by Mr. Briggs, seconded by Mr. White, the Board voted unanimously to approve the minutes of April 11, 2013, regular meeting, as submitted.

ITEM 2: State of Vermont 457 Deferred Compensation Plan

- **Quarterly review for period ending March 31, 2013**
- **Auto enrollment**

Mr. Kroner appeared before the Board and provided the Quarterly Report for March 31, 2013 for the 457 Deferred Compensation Plan. In response to Mr. Kroner's inquiry it was the consensus of the Board that the quarterly report could be printed double-sided. Mr. Kroner provided the

plan overview. Mr. Kroner indicated there was an increase in the total assets of 5.7% from January 1, 2013 to March 31, 2013. There was a discussion about the participants and the average account balance. There was a discussion concerning the managed accounts and the newly added 2050 Fund. There was a discussion about the Roth Fund. There was a discussion about contributions and the breakdown of assets by asset class.

Mr. Gaffney indicated he recently attended a Retirement Seminar which was hosted by the Retirement Division and indicated Great West did a great job. There was a discussion about the new Great West website and how members will be able to receive income projections for the future.

Mr. Kroner reviewed with the Board members the demographics of participants in the 457 Deferred Compensation Plan. Mr. Kroner indicated if he has the total number of active State employees he can prepare a report indicating the percentage of participants by age group. Mr. Kroner reviewed with the Board members the distributions for the quarter. Mr. Kroner reviewed with the Board members the website usage. The Board reviewed the fee structure for the managed accounts.

Mr. Sanville reviewed with the Board members the field activity for the quarter.

Mr. Kroner briefly reviewed the fund performance. The Board discussed the Pax World Balanced Fund. Mr. Kroner indicated they would conduct a search for SRI funds for comparison purposes.

The consensus of the Board was that they had the SDIA report and did not need to review it in detail.

Mr. Johannesen provided to the Board members the Kiplinger's Personal Finance article concerning *What's Your Retirement Number?*

There was a discussion about the pros of an auto enrollment plan. Mr. Kroner indicated he will provide information to the Board members concerning other states that have auto enrollment and their percentage of participants.

(Ms. Green, Mr. Considine, Mr. Kroner, and Mr. Sanville left the meeting at this time.)

(Mr. DiStefano entered the meeting at this time.)

ITEM 3: Member's Appeal re: spiking issue

On motion by Mr. Dumas, seconded by Mr. Briggs, the Board voted unanimously to enter Executive Session at 10:10 a.m. pursuant to Title 1, § 313 for the purpose of discussing personnel issues.

(The Board exited Executive Session at 11:35 a.m.)

(A recess was taken from 11:35 to 11:55 a.m.)

(Ms. Froeliger entered the meeting at this time.)

The Chair, Mr. Gaffney, invited Ms. Froeliger to present her appeal. Ms. Froeliger indicated all the information was in her letter to the Board and indicated she would respond to any questions the Board members had. Mr. Gaffney thanked Ms. Froeliger for her State service of 17 years and indicated the Board would need to go into Executive Session to discuss this item.

(Ms. Froeliger left the meeting at this time.)

On motion by Mr. Johannesen, seconded by Mr. Dumas, the Board voted unanimously to enter Executive Session at 11:58 a.m. pursuant to Title 1, § 313 for the purpose of discussing personnel issues.

(The Board exited Executive Session at 12:02 p.m.)

(Ms. Froeliger entered the meeting at this time.)

On motion by Ms. Pearce, seconded by Mr. Dumas, the Board voted unanimously to grant the appeal as requested by Eunice Froeliger dated September 30, 2012.

Ms. Froeliger thanked the Board for their review of her appeal and their final decision.

(Ms. Froeliger and Mr. DiStefano left the meeting at this time.)

(A luncheon recess was taken from 12:05 p.m. to 12:32 p.m.)

ITEM 4: Review disability retirement process

Mr. Gaffney indicated that today would be the initial discussion for this item. Ms. Lanphear reviewed with the Board members the process a member follows in order to obtain a disability retirement. Ms. Lanphear indicated the VSERS Board cannot deny the recommendation by the Medical Review Board, but can only request additional information. Ms. Lanphear discussed with the Board members the use of sick leave, the one-year review and income verification. Ms. Lanphear indicated she has commenced working with the Attorney General's Office concerning the disability process. There was a discussion concerning keeping the income verification process in-house. There was a discussion about the language in statute and whether it would need to be changed. The Board requested that different options be provided to the Board members for review concerning the one-year reviews and income verifications, including how other states handle these situations. It was requested that Ms. Duffy be present for the next in-house meeting. Ms. Lanphear indicated this was just the beginning of the discussion and that this process needed to be discussed further.

ITEM 5: Legislative update

Ms. Pearce indicated the miscellaneous retirement bill has been signed by the Governor. Ms. Pearce advised the Board members of the items relating to the Municipal system, including the increase to the contribution rates and the one-time transfer option for VMERS DC members to go into the DB plan. Ms. Pearce indicated the language surrounding the one-time option for enrollment into the dental plan has been eliminated. Ms. Pearce indicated when they do the RFP for the dental plan that will be part of the RFP.

ITEM 6: **Discuss upcoming RFP's for:**

- **Dental Program for Retirees**
- **Actuarial Services Contract**

On motion by Mr. Briggs, seconded by Mr. Johannesen, the Board voted unanimously to enter Executive Session at 1:20 p.m. pursuant to Title 1, § 313 for the purpose of discussing contract issues.

(The Board exited Executive Session at 1:30 p.m.)

On motion by Ms. Pearce, seconded by Mr. Briggs, the Board voted unanimously to extend the existing contract for Buck Consultants to November 30, 2013.

Mr. Wisloski indicated if anyone would like to be a member on the subcommittee for the RFP to let him know. Mr. Gaffney indicated he would be happy to be a member of the subcommittee. The Board discussed items that should be included in the RFP.

ITEM 7: **Any other business to come before the Board**

None.

ITEM 8: **Adjournment**

On motion by Mr. Dumas, seconded by Mr. Johannesen, the Board unanimously voted to adjourn at 1:35 p.m.

Next Meeting Date:

The next scheduled VSERS meeting is a conference call meeting on Thursday, June 13, 2013 at 9:00 a.m.

Respectfully submitted,

Nancy Dimick
Secretary to the Board